



SOP 2/22/01

**United States
Department of
Agriculture**

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

FEB 14 2001

Ms. Cynthia L. Johnson
Director, Cash Management Policy & Planning Division
Financial Management Service
U.S. Department of the Treasury
401 - 14th Street, SW
Washington, DC 20227

Dear Ms. Johnson:

Thank you for the opportunity to comment on the Office of Management and Budget's interim final revision of the Prompt Payment Act (PPA). The interim rule was published in the Federal Register on December 15, 2000, and implements Section 1010 of the Defense Authorization Act. Section 1010 extends the PPA requirements to pay interest penalties on interim payments, under a cost-reimbursement contract, made more than 30 days after the agency receives a proper invoice for payment from the contractor.

After consultation with Department of Agriculture (USDA) agencies, it appears that cost-reimbursement service contracts are issued on a very limited basis within USDA. Interim payments, subject to interest penalties, do not pose processing problems for the USDA's National Finance Center. We believe that the requirement to pay interest is fair when Federal agencies fail to make timely interim payments for services rendered under cost-reimbursement contracts.

If there any questions regarding USDA's comments or implementation of the interim final rule, please contact Dale Theurer, Fiscal Policy Division, on (202) 720-1167.

Sincerely,

V. L. Cook

Virginia Gaye Cook
Acting Director
Fiscal Policy Division

PP-05